

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON 25, D.C.



REPLY TO
ATTN OF:

OSA-2845-64
#1299

SUBJECT:

REPLY TO:
Auditor General Representative (APL)
P. O. Box 8155
S. W. Station
Washington, D. C.

TO:

19 June 1964

Handwritten signature/initials

SUBJECT: Report of Evaluation on Various Proposals
Minneapolis-Honeywell Regulator Company
Aeronautical Division
St. Petersburg, Florida
FY-1964 Spares
Contract No. FL-CT-4004

1. Per Contracting Officer's oral request, an evaluation has been performed of the contractor's various proposals, submitted under subject contract, as shown on Exhibit A.
2. The results of evaluation are shown on Exhibit A as "Negotiated Amounts." The proposals were submitted based on the use of the current labor, burden and general overhead bid rates approved by the cognizant military personnel. Estimated labor and material costs were compared with costs incurred to date on certain of the tasks. Based on this comparison, adjustments were made where necessary as explained in Exhibit A Notes relating to the various proposals.
- In the case of proposals not yet started, the contractor's estimates were adjusted based on an analysis of variance factors used in preparing the estimates. Further details concerning the adjustments, if any, to the various proposals are available in the audit working paper files, for the Contracting Officer's use if necessary.

3. On 6 June 1964, the auditor discussed the results of evaluation with the contractor's representatives, as follows:

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An agreement was reached on the "Negotiated Amounts" shown on Exhibit A.

Handwritten signature of Arthur G. Hanley
for W. F. Edwards

Auditor General Representative (APL)

Honeywell Aeronautical Division
St. Petersburg, Florida
Contract No. FL-CT-4004

Exhibit A Notes

A. Please refer to Schedules A and B for a detailed Task breakdown and explanation of questioned amounts and/or differences re H-330 and H-357 Spares respectively.

B. Proposal was accepted based on cursory examination of costs incurred as of 5-31-64 which indicated a very nominal unexpended balance (\$910) while the task was incomplete.

C. Proposal was accepted based on cursory examination of costs incurred as of 5-31-64 which indicated an unexpended balance of \$9,100. However, the effort is far from complete with the flight test phase for proving the re-programming effort not yet started per [redacted] program manager.

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E. This task was completed and negotiated amounts are based on booked costs as of 5-31-64.

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F. The negotiated amount is based on an [redacted] reduction to proposed estimated costs and fixed fee. The [redacted] adjustment relates to auditor's downward revision of the contractor's estimated variance factor applied to estimated standards for the major components - coupler, platform and platform electronics. Please refer to Schedule C for component breakdown.

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G. The negotiated amount is a [redacted] reduction of proposed estimated costs and fixed fee. The [redacted] was based on a cursory examination of costs incurred as of 5-31-64 which indicated substantial underruns of original estimated costs for certain Kit items completed and shipped.

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H. Amounts provisionally included in the Contract (thru Amendment No. 4) subject to cost analysis and negotiation.

I. Difference between contractor's proposal and negotiated amounts.

J. The negotiated amount is based on a [redacted] reduction of proposed estimated costs and fixed fee. The [redacted] reduction was made to delete a part of the contractor's contingency for reworking the various deliverable AGE and Spares Support items.

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